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TAGS: [PREL](#) [EPET](#) [EINV](#) [SA](#) [KU](#) [IR](#) [QA](#)
SUBJECT: QATAR NATIONAL BANK DENIES FINANCING IRANIAN OIL
PROJECT

Classified By: Ambassador Joseph E. LeBaron for reasons 1.4 (b and d).

(C) KEY POINTS

-- On October 4, Qatar National Bank (QNB) issued an official statement denying a Reuters report claiming QNB would finance development of Iran's Esfandiar oil field.

-- The Reuters report, carried by Qatar News Agency (QNA), said that QNB would invest 400 million euros (USD 581 million) in the development of the field, constituting 100 per cent of the funding required for the project.

-- At an October 5 meeting with Ambassador, Prime Minister and Foreign Minister Shaykh Hamad bin Jassim Al Thani dismissed the story out of hand, saying: "The bank has denied that." QNB's Board Chairman, Finance Minister Yusuf Kemal, similarly denied the story in a brief telephone conversation with Ambassador.

-- In an October 5 conversation with Emboffs, QNB Executive Director for Economic Studies Mohammed Mohabi stated that the bank knew nothing of the investment project, suggesting that the Iranians were trying to negotiate with the GOQ or otherwise send it a message.

(C) COMMENTS

-- Although Qatar and Iran have discussed joint natural gas exploration projects in the past, this is the first time to Embassy's knowledge that reports of a Qatari investment in a discrete Iranian oil project have surfaced.

-- Embassy cannot categorically rule out the possibility that Qatar National Bank had actually entered into the loan agreement. And at least some news accounts report the existence of a signed agreement by QNB on the loan.

-- That said, the quick repudiation of the story by senior members of the GOQ strongly suggests that, if/when there was such an agreement, there is one no longer, given the leak, intentional or otherwise, by the Iranian side.

End Key Points and Comments.

[11](#). (SBU) On October 4, Qatar National Bank (QNB) issued an official statement denying an October 3 Reuters report that QNB would invest 400 million euros (USD 581 million) in the development of Iran's Esfandiar offshore oil field. In the statement, which was aired on Al Jazeera Arabic television channel, the bank denied any knowledge of such an investment.

[12](#). (SBU) The earlier, October 3, Reuters story reporting the loan was carried by Qatar News Agency and the Arabic and English language print media. It quoted Iranian sources who

said that QNB would provide 100 per cent of the funding required for the development of the Esfandiar field. Esfandiar is an extension of the Lulu field which is, in part, located in the neutral zone between Saudi Arabia and Kuwait.

¶3. (C) At an October 5 meeting with Prime Minister Shaykh Hamad bin Jassim Al Thani, Ambassador asked about the Reuters report. The Prime Minister dismissed it, stating: "The bank has denied this," and quickly moved on to another topic. Similarly, Adviser to the Amir for Media Affairs Dr. Hassan Al Ansari, stressed to Polchief Rice October 5 that there was nothing to the story. "The bank has denied its involvement. That is the end of it," he said.

¶4. (SBU) Emboffs also discussed the matter with Mohammed Mohabi, QNB Executive Director for Economic Studies, on October 5. He repeated the denial, and expressed his belief that the story had originated with Iranian Oil Minister Masoud Mirkazemi, whom he characterized as "new, and not sure of what he is doing." Still, Mohabi questioned Iranian motivations in making such claims. "Maybe they were trying to open negotiations or send us some kind of message," he said.
LeBaron